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ABSTRACT

This research aims to evaluate the internal control in asset property management held by The Directorate General of State Assets Management. Since PT Perusahaan Pengelola Aset handed over its managed assets to the Ministry of Finance in 2009, the assets managed by the Indonesian Bank Restructuring Agency and PT Perusahaan Pengelola Aset, which are by the duties and functions of the Directorate General of State Assets Management, began to be managed by Directorate General of State Assets Management. However, since 2014, The Audit Board of the Republic of Indonesia has found problems in managing these property assets. Furthermore, these findings re-emerged in the 2016, 2019, and 2020 reports. Based on these repeated findings, it is necessary to evaluate the internal control in managing property assets. The purpose of the evaluation of the internal control is to assess the internal control in asset management so that improvements can be made to weaknesses in asset management and finally resolve the problems found by The Audit Board of the Republic of Indonesia. Evaluation of internal control was carried out using the criteria contained in the Government Internal Control System following Government Regulation No. 60 of 2008 with qualitative analysis of data and information obtained from literature review, document analysis, questionnaires, and interviews. The results show that the internal control carried out by the Directorate General of State Assets Management has weaknesses in the design and the implementation of internal controls.

Keywords: asset management, internal control, property asset ex Indonesian Bank Restructuring Agency and PT Perusahaan Pengelola Aset, Government Internal Control System

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1. INTRODUCTION

The monetary crisis that occurred in Indonesia in 1997 still left unfinished work to this day. At that time, in the period 1997 to 1998, Bank Indonesia (BI) disbursed Bank Indonesia Liquidity Assistance (BLBI) amounting to 144.54 trillion rupiahs (Wibowo, 2001) and took over 164 banks. In this BLBI settlement, the Indonesian Bank Restructuring Agency (IBRA) was formed in March 1998. IBRA provides liquidity assistance to banks that are being restructured by issuing recap bonds. In February 2004, IBRA's term of office ended, but not all BLBI settlements have been completed. Finally, managing assets originating from IBRA is carried out by the Ministry of Finance for assets that cannot be restructured.

Meanwhile, assets that are potentially managed commercially are handed over to PT Perusahaan Pengelola Aset (PT PPA) Persero (DGSAM, 2009). Then, based on the asset management agreement between the Minister of Finance and PT PPA (Persero), PT PPA (Persero) must return all remaining assets under management to the Minister of Finance as of February 27, 2009 (DGSAM, 2009). Since PT Asset Management Company (PT PPA) handed over its managed assets to the Ministry of Finance, the assets managed by the Indonesian Bank Restructuring Agency (IBRA) and PT PPA, in accordance with the duties and functions of the Ministry of Finance, began to be managed by the Directorate General of State Assets (DGSAM). Based on DGSAM records, the 'state's cost spent through BI, IBRA, and PT PPA to restore banking is Rp663.13 trillion (DGSAM, 2020). As a result, efforts to recover state claims of Rp110.45 trillion are still ongoing (Elena, 2021).

One of the ex-IBRA assets managed by DGSAM is property assets. Ex-IBRA property assets are fixed assets in the form of land and buildings which were originally collateral for bank loans. Because the debtor is unable to pay the debt in cash, the debt guarantee in the form of fixed assets is used for payment of the debt, with a transitional medium in the form of a Deed of Release of Rights made before a Notary, a Deed of Sale and Purchase Agreement made by a Notary, a Deed of Sale and Purchase made by the PPAT or the Auction Report issued by the Auction Officer or can also be in the form of other deeds which essentially submit collateral goods as compensation for debt payments (Minister of Finance, 2020a). Based on the 2020 Financial Report of the State General Treasurer (LK-BUN), the value of the ex-IBRA property asset recorded on the balance sheet is IDR 8,094,988,188,447 (Minister of Finance, 2020b). In managing state assets, DGSAM has the vision to become an optimally productive manager of state assets for the greatest prosperity of the people. The point is that state asset management maximizes social and economic advantages (DGSAM, 2019). However, in implementing the management of ex-IBRA property assets, problems were encountered. In the Audit Results Report of The Audit Board of the Republic of Indonesia (BPK) on the Internal Control System (SPI), there were findings on the management of ex-IBRA property assets in 2014. The findings related to SPI

reappeared in BPK's inspection report in 2015, 2019, and 2020. The findings consisted of assets that were not found, the assets that were not equipped with documents, other parties' control assets, and the recording of assets is not adequate.

Although, since 2016, the Financial Report of Central Government (LKPP) has received the best audit opinion, namely Unqualified (WTP) from the BPK, DGSAM as a unit in the Ministry of Finance is highly committed to the completion of the follow-up to BPK's findings. The follow-up to BPK's recommendations is constantly monitored seriously, and it has become the main performance target that must be completed by the DGSAM organization and the Minister of Finance. This is done to maintain public confidence that the management of state finances has been professional, prudent, transparent, and accountable (Puspasari, 2021). In addition, problems in asset management can interfere with the implementation of the duties and functions of the central Government, namely services to the community (Puspitarini et al., 2017). Thus, it is crucial to resolve the issue of BPK's findings on the management of ex-IBRA property assets.

A previous study conducted on government agencies in Malaysia found that effective asset management was influenced by internal control and the support of employee knowledge about asset management (Ismail et al., 2019). Besides affecting the effectiveness of asset management, based on a study conducted on Bandung Regency government agencies, it was found that the implementation of internal control can also improve the quality of asset reporting (Fhadillah & Yudianto, 2018). In another study related to internal control in Central Java provincial government agencies, it was found that the emergence of findings of asset problems in the BPK Inspection Report (LHP) on the examination of financial statements was due to the less than the optimal implementation of the internal control system (Masdjojo & Dewi, 2018). The results of the previous research give the idea that improving the implementation of internal control would solve problems in BPK's findings that occurred in the management of ex-IBRA property assets. Improvements in internal control should be preceded by conducting an evaluation to find internal control weaknesses. Based on this, it is necessary to evaluate the internal control in asset management. Therefore, this study intends to evaluate the internal control in managing property assets of the ex-IBRA by DGSAM.

The difference between this study and previous research lies in the characteristics of the assets studied. The object of research in this paper is the management of ex-IBRA property assets at the Directorate of State Asset Management and Information Systems (DIT PKNSI) located at the DGSAM Head Office as the unit that manages ex-IBRA property assets. Ex-IBRA property assets often have legal problems, problems with ownership documents, issues with the existence of assets, and problems in controlling assets. From the evaluation carried out, it is hoped that the implementation of the internal control principles will be known, and recommendations to

overcome the weaknesses can be made so that the asset management problems in BPK's findings can be resolved.

In evaluating the internal control in managing ex-IBRA property assets, the research questions in this case study are

- 1) How is the implementation of internal control in managing ex-IBRA assets carried out by the Head Office of the Directorate General of State Assets?
- 2) Is there an improvement in the control system at the DGSAM Head Office in managing property assets to achieve the objectives of property asset management and accelerate the resolution of problems in the management of ex-IBRA property assets to resolve BPK's findings?

Research Purposes

The aims of this study based on the research questions that have been articulated above are: (1) to evaluate the implementation of internal control in the implementation of the management of ex-IBRA property assets carried out by the Directorate General of State Assets and (2) to formulate suggestions for improving the effectiveness of the internal control system over the management of ex-IBRA property assets managed by the Head Office of the Directorate General of State Assets.

A qualitative method with content analysis was utilized to assess the internal control in the management of ex-IBRA property assets. This study followed the criteria of the Government Internal Control System (SPIP) in evaluating the internal control of the management of ex-IBRA property assets. The evaluation was done by assessing whether the internal control components in SPIP had been implemented in asset management based on data obtained from interviews, document analysis, and questionnaires. Based on the assessment of the implementation of the internal control components, it can be concluded how the internal control in asset management is.

2. LITERATURE REVIEW

2.1 Government Internal Control System

In line with the reforms in Indonesia, a package of laws was issued in the financial sector, namely Law No. 17 of 2003, Law No. 1 of 2004, and Law No. 15 of 2004. Then, Law No. 1 of 2004 ordered the president to implement an internal control system in the government environment as a whole (Kastowo, 2008). To carry out the orders in Law No. 1 of 2004, the Government of Indonesia has established an internal control system for government agencies, namely Government Regulation No. 60 of 2008 concerning the Government Internal Control System. Based on this government regulation, the definition of an internal control system is an integral process of actions and activities carried out continuously by the leaders and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and

regulations (Government of RI, 2008). Therefore, SPIP aims to provide adequate assurance for the effectiveness and efficiency of achieving the objectives of state administration, reliability of financial reporting, security of state assets, and compliance with laws and regulations.

Regarding the objectives of the DGSAM organization in managing property assets of the ex- IBRA, it has been written in the DGSAM Roadmap for 2019 to 2028 that DGSAM's vision is to become an optimally productive manager of state assets for the greatest prosperity of the people (DGSAM, 2019). The meaning of optimally productive management of state assets is that the management of state assets provides optimal social and economic benefits. This goal will be achieved if DGSAM has effective internal control in asset management.

The internal control component in SPIP adapts the components of the internal control system in the 1992 COSO Internal Control Framework (Kastowo, 2008). These components are control environment, risk assessment, control activities, information and communication, and monitoring. This is consistent with the statement that many countries use the concepts in the COSO IC 1992 and COSO 2013 frameworks in their financial reporting laws and regulations related to internal control (Schandl & Foster, 2019). The comparison of the elements of internal control in COSO Internal Control 1992 with SPIP is shown in the figure below.

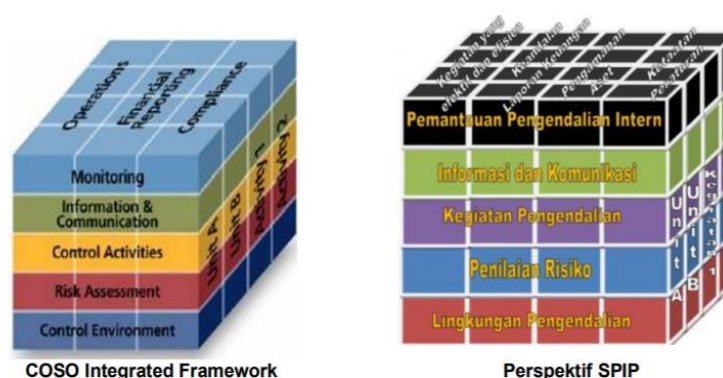


Figure 1. Comparison of COSO Internal Control-Integrated Framework and Elements in SPIP Perspective

Source: Establishing SPIP: Finding Comprehensive Implementation Model (Kastowo, 2008)

The figure above shows similarities in the five elements in the 1992 COSO and SPIP control frameworks, but there are differences in the statement of objectives. SPIP emphasizes that safeguarding state assets is very important, so it is explicitly stated to be the goal of implementing SPIP. Moreover, similar to COSO 1992, every element of internal control in PP No. 60 of 2008 has an implementation principle. Each implementation principle has several requirements, as shown in Table 1.

Table 1. Elements and Principles of Internal Control in SPIP

5 Components	Principles
Control Environment	1. Upholding integrity and ethical values;
	2. Commitment to competence;
	3. Conducive leadership;
	4. Establishment of an organizational structure that suits the needs
	5. Proper delegation of authority and responsibility
	6. Formulation and implementation of sound policies on human resource development;

Table 1. Elements and Principles of Internal Control in SPIP (continued)

5 Components	Principles
	7. An embodiment of the role of an effective government internal control apparatus; and
	8. Good working relationship with relevant Government Agencies.
Risk Assessment	9. Leaders of Government Agencies are required to conduct a risk assessment consisting of risk identification and risk analysis.
	10. In the context of risk assessment, the leadership of Government Agencies sets the agency's goals and objectives at the activity level
Control Activities	11. Review of the performance of the relevant Government Agencies
	12. Human resource development
	13. Control over the management of information systems
	14. Physical control over assets
	15. Determination and review of performance indicators and measures
	16. Function separation
	17. Authorization of essential transactions and events
	18. Accurate and timely recording of transactions and events
	19. Restrictions on access to resources and their records
	20. Accountability for resources and records
Information and Communication	21. Good documentation of the Internal Control System as well as important transactions and events
	22. Provide and utilize various forms and means of communication
Monitoring	23. Manage, develop, and update information systems continuously
	24. Self-assessment, review, and testing of the effectiveness of the Internal Control System
	25. Routine management activities, supervision, comparison, reconciliation
	26. Follow up on recommendations on audit results and other reviews

Source: PP Number 60 of 2008

Table 1 shows the details of the elements and principles of internal control according to SPIP in Government Regulation No. 60 of 2008. These principles in the SPIP will be the criteria for evaluating the internal control of the management of ex-IBRA property assets in this research.

A study on the influence of internal control on the accountability of financial statements has been carried out at the Bandung City Government. The results of this study indicate that the implementation of the Government's Internal Control System has a significant effect on government financial accountability (Fhadillah & Yudianto, 2018). Furthermore, research on civil

servants at the Regional Financial and Asset Management Agency of East Lombok and North Lombok with quantitative methods concluded that Government Internal Control has a positive and significant effect on fixed-asset management effectiveness (Ekayanti et al., 2018). Ekayanti's research is in accordance with the results of a study with 200 civil servant respondents in Malaysia who concluded that employee knowledge and internal control had a significant positive effect on asset management practices (Ismail et al., 2019).

Related to the problem of BPK's findings as happened in the management of ex-IBRA property assets, in a study, it was concluded that the less than the optimal application of the internal control system was the cause of the emergence of asset problems in BPK RI's audit report during the examination of financial statements (Masdjojo & Dewi, 2018). This study used an interview technique with 48 SKPD employees of Central Java Province with regression analysis. Furthermore, another study with a sample of 44 Regional Apparatus Organizations in Pekanbaru, Riau, showed that the internal control system, when combined with an information system and understanding of regulations, would affect the effectiveness of regional assets management (Yuswanita et al., 2018).

2.2 Ex-IBRA Property Asset Management Regulation

In Government Regulation Number 6 of 2006 concerning the Management of State Asset Article 80, it is stated that the management of state assets originating from an agency formed in banking restructuring is regulated separately by a Regulation of the Minister of Finance. Then, in a newer regulation regarding the management of state assets, namely PP 27 of 2014, it is also stated in article 103 that the Management of State Property originating from a special agency formed in the context of banking restructuring is regulated separately by a Regulation of the Minister of Finance. This is because the management of ex-IBRA property assets follows state assets management in general. Still, there are some differences between ex-IBRA property asset management and state assets management, as presented in Table 2.

Table 2. Differences in State Asset Management in the Form of Property with Ex-IBRA Property Assets

Parameters	State Property in the form of property (land, buildings, and buildings)	Property assets ex IBRA/PT PPA (Persero)
Asset Management Objective	Its primary purpose is to be used in carrying out the duties of the Ministry/Agency.	The main objective is to return state receivables from BLBI by managing them to obtain Asset Management Results (HPA) and meet property needs for Ministries and Institutions or Local Governments.
Asset Type List	Recorded as fixed assets	Recorded as other assets
Needs Planning and Budgeting	This stage must be carried out in the procurement of state assets in the form of property.	Based on the origin of the acquisition, property assets of ex- IBRA/PT PPA (Persero) are ex-assets of banks that received BLBI, so there is no stage of planning needs and budgeting

Asset Manager	Managed by Ministries/Agencies	Managed by the Minister of Finance, in this case, the Directorate General of State Assets.
Transfer of rights	Sales, exchange, grants, and government equity participation (PMN).	Sales, grants, and disposal of rights can be carried out with compensation payments to the Government.

Source: PMK 154/PMK.06/2020 and PP Nomor 27 of 2014

Based on Article 28, Presidential Regulation Number 28 of 2015 concerning the Ministry of Finance, one of the scopes of managing state assets is the management of state property (BMN). State assets management activities include planning, budgeting, procurement, use, utilization, security, maintenance, assessment, elimination, transfer, administration, supervision, and control over state assets. The organization's goal is to manage assets accountably and productively. Asset management is said to be accountable and productive if :

- a) Fixed assets are fully utilized (zero idle)
- b) There is an added value for the state's assets in cost-saving and non-tax revenue (revenue-generating).
- c) There is the added value of state receivables in the form of non-tax revenue
- d) There are economic benefits (besides cost-saving and revenue) and social and environmental benefits from asset management. For example, it is measured by the monetization of the impact of asset development on the community.

2.3 Assessment of the implementation of internal control

The guideline that serves as a guide in assessing the implementation of internal control in managing property assets of the ex- IBRA is KMK 940/MK.09/2017, which is the guideline for implementing internal control in the Ministry of Finance (Minister of Finance, 2017). In the Ministry of Finance, SPIP is used as a framework for implementing internal control. SPIP uses the concept of three lines of defenses in its application. The unit in the Ministry of Finance that is the first line of defense is the unit that owns the business process. The second line of defense is the Internal Compliance Unit in each Echelon I, and the third line of defense is the Inspectorate General. Based on the guidelines in KMK 940 of 2017, the conclusion of the effectiveness of internal control is as follows:

- a) Internal control is effective when there are no significant deficiencies and material weaknesses.
- b) Internal control is effective except for one or more significant deficiencies, which, when combined, result in a material weakness.
- c) Internal control contains a material weakness if one or more material weaknesses or a combination of significant deficiencies result in a material defect.

Conclusions of effectiveness are formulated by considering follow-up actions on significant deficiencies and/or material weaknesses, i.e., if, at the

time of formulating conclusions, the monitoring implementer obtains convincing information that the deficiencies have been followed up, then this must be considered in the formulation of conclusions. Findings in the effectiveness of internal control may be in the form of design deficiencies, i.e. if a required control does not exist or procedures are not designed properly. There may also be implementation deficiencies. This means that the control has been designed. Still, the results are not expected, or the employee performing the control procedure does not have the authority or qualifications to carry out the control.

3. RESEARCH METHODS

The method used in this study was a qualitative research method. The approach used in this study to evaluate internal control in the management of ex-IBRA property assets was a case study. Data collection techniques in this study were primary and secondary data collection. The primary data was data obtained directly from related parties. This data includes data and information on implementing the management of ex-IBRA property assets, information from the supervisory unit related to Standard Operating and Procedures (SOP) and the compliance to the SOP, official memorandum documents and reports, and checking on the location of property assets. To get primary data from the research object, the author sent a letter of permission to conduct interviews and request data on the management of ex-IBRA property assets to the Director of the Directorate of Asset Management and Information System. An interview permit and request for data were also sent to the Secretary of the DGSAM to obtain permission for an interview and to obtain the information about the Standard Operating and Procedures (SOP) for managing ex-IBRA property assets, information on compliance monitoring (SOP), and employee compliance. The secondary data in this study were sourced from outside the research object agency. Data comes from information that has been published. In this study, secondary data collected were BPK's findings in BPK's inspection report, asset management data in the State General Treasurer's financial report (LK BUN), and asset management information published in the mass media. This data will complement the information on the primary data.

Information gathering was done by reviewing documents, distributing questionnaires, interviewing resource persons, and observing property assets. This study extracted information using a closed-ended questionnaire to obtain information that did not require in-depth interviews. The use of this closed questionnaire made it easier for respondents and researchers. The next data collection technique is interviewing. The purpose of extracting data by interview is to find out the views of interview participants or sources about the phenomenon under study (Wahyuni, 2016). The technique used was a semi-structured interview. The theme framework referred to is the criteria contained

in the internal control components in the SPIP, which were used as evaluation criteria. The parties to be interviewed consist of asset managers, the personnel department to obtain information related to employee compliance and supervision, the internal compliance unit, and internal auditors to collect information related to compliance with the internal control system. Table 3 shows the respondent list in this research.

Table 3. The list of Respondents

No	Interviewee Code	Interviewee Position	Role	Work Tenure (years)	Mode of Interview and Duration	Interview Topics
1	R1	Functional officer	System Application Administrator	5-10	Online Interview 50 minutes	Control Activities

Table 3. The list of Respondents (continued)

No	Interviewee Code	Interviewee Position	Role	Work Tenure (years)	Mode of Interview and Duration	Interview Topics
2	R2	Section Chief	Supervisory Unit	5-10	Online Interview 60 minutes	Monitoring, Control Environment
3	R3	Staff	Risk Manager	5-10	Online Interview 20 minutes	Risk Assessment
4	R4	Head of Division	Supervisory Unit	5-10	Online Interview 50 minutes	Monitoring, Control Environment
5	R5	Section Chief	Asset Manager	5-10	Online Interview 60 minutes	Control Activities, Control Environment, Information and Communication
6	R6	Section Chief	Asset Manager	5-10	Online Interview 40 minutes	Control Activities
7	R7	Auditor	Internal Auditor	5-10	Written Message	Monitoring
8	R8	Staff	Personnel Department	5-10	Online Interview 40 minutes	Control Environment
9	R9	Section Chief	Personnel Department	5-10	Written Message	Control Environment

10	R10	Staff	Risk Manager	5-10	Online Interview 30 minutes	Risk Assessment
11	R11	Staff	Asset Manager	5-10	Online Interview 30 minutes	Information and Communication
12	R12	Staff	Regulator	5-10	Written Message	Control Activities
13 to 22	R13-R22	Staff	Asset Manager	1-5	Questionnaire	Control Environment, Risk Assessment

In this study, the analysis was carried out using content analysis. The results of interviews with resource persons were transcribed into text. The text of the transcription was then read carefully, and then the information that appeared was recorded. Furthermore, data analysis techniques include identifying, codifying, and then categorizing patterns found in the data. Codification for data analysis was carried out with the help of qualitative data analysis software, namely NVivo. The analysis technique using the NVivo 12 application tool begins with creating five nodes which are the five components of internal control according to SPIP, namely (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring, and twenty-six (26) principles in internal control components. Then, at each of these nodes, subnodes are added in the form of the principles of each component of internal control. Then, interview transcripts from the interviewees were categorized based on the principles contained in the 'interviewee's statements. From the codification based on these categories, conclusions were drawn regarding the application of internal control principles to SPIP in the management of property assets.

4. ORGANIZATION PROFILE

The object of the case study in this research was The Directorate of Asset Management and Information System (Dit of AMIS). The Directorate of AMIS carries out the role of DGSAM as the implementer of policies in the field of state assets. As the unit that implements policies in the management of state assets, the Directorate of AMIS has the task of formulating and implementing policies and technical standardization in the field of state wealth management and information systems (Minister of Finance, 2018). In carrying out the management of state assets, assets are divided into several asset groups. Asset groups managed by the Directorate of AMIS are Ministry/Agency Assets and other state assets in the form of ex-BLBI assets, gratuity assets, confiscated assets, and other asset groups. Ex-BLBI assets are in the form of shares, credit assets, inventory assets, non-share securities, and

property assets. The property assets consist of apartments, land, shop houses, office buildings, and other buildings. The management of property assets carried out by DGSAM until 2020 (DGSAM, 2020) is recorded as follows:

- a. Auction of 414 assets worth IDR 1.68 trillion
- b. Grants for 4 assets worth IDR 75.5 billion
- c. Utilization of assets as many as 57 approval letters worth Rp31.66 billion
- d. Redemption of 2 assets worth Rp44.21 billion
- e. Determination of the Status of Use of BMN on 210 assets with a value of Rp1.13 trillion
- f. Handover of management to LMAN for 290 assets worth Rp250.42 billion

5. RESULT AND DISCUSSION

5.1. Result

5.1.1 Instruments in Internal Control of Property Asset Management of Ex-IBRA

Internal control in managing ex-IBRA property assets uses the concept of three lines of defenses, which positions the activity executor or work unit management as the first line of internal control. Internal control has been conditioned to be attached and integrated with the implementation of business processes. The second line is the Internal Compliance Unit (UKI). UKI is in charge of monitoring internal control at the entity level to conclude whether the internal control is effective, effective with exceptions, or contains material weaknesses (Minister of Finance, 2017). The Directorate of Asset Management and Information System is part of the DGSAM Head Office entity so that monitoring of its internal control is integrated with other directorates at the Head Office. The third line of internal control implementation and monitoring tools is the Inspectorate General of the Ministry of Finance (Itjen). The third line carries out the functions of supervision and assistance. This function is carried out by Inspectorate IV of the Inspectorate General of the Ministry of Finance. Regarding the management of property assets which are still the findings of the BPK, line 3 has carried out assistance in the form of (1) assisting the discussion of the follow-up to BPK's findings; (2) Providing advice/input in the preparation of the RPMK for Asset Management of ex IBRA; (3) Monitoring the implementation of auctions on property assets of ex- IBRA; (4) Providing recommendations for policy improvement related to property asset management (Respondent 7, 2021).

5.1.2 Follow-up and Corrective Action on ' Auditor's Findings

Based on the findings of the 2014 financial statements, the balance of assets that still need to be traced as of December 31, 2014, was 358 assets. Asset tracking is carried out by taking an inventory of asset documents, tracing physical assets based on data on the nominative list, and coordinating with the National Land Agency to find physical assets. Until 2020, the number of

assets that have been successfully traced is 110, and the remaining 248 have not been successfully traced. The Directorate of Asset Management and Information System conducted a study to map the alleged status of the 248 assets.

Moreover, the completion of findings becomes a performance target and appears in the organization's risk profile. Monitoring the progress of the BPK's findings is part of the organization's risk management which is monitored quarterly. The implementation of risk management at the Ministry of Finance has been carried out in stages since 2008. The risk of "there are findings of unresolved investigations" was published in the risk profile in 2017. Since 2017, this risk has become the risk of the Directorate of Asset Management and Information System, the risk of DGSAM, and the risk of the Minister of Finance.

To resolve BPK's findings, the Directorate of Asset Management and Information System also improved the administration and recording of ex-IBRA property assets. The information system for managing ex-IBRA assets is carried out using the Other State Assets Module (MKN). Since 2015, this application has supported the management of ex-IBRA property assets. The state wealth module is continually updated every year according to the needs and requests of asset managers. BPK's findings are also the driving force for application renewal. The renewal of the application in 2021 was carried out on the IBRA property asset reconciliation menu.

5.1.3 Progress in Management of Ex-IBRA Property Assets

The progress discussed here included the development of asset management schemes, rules for securing assets, and organization for managing property assets of ex-IBRA. Minister of Financial (MoF) Regulation Number 93/PMK.06/2009 concerning Ex-PT PPA Asset Management by the Minister of Finance stated that the management of ex-IBRA property assets is carried out through (1) sale through auction; (2) utilization; and (3) use for government purposes through the Determination of Usage Status. In 2017, Minister of Finance regulation Number 110/PMK.6/2017 was issued concerning the Management of Ex-IBRA Assets by the Minister of Finance. Based on this new regulation, the management of ex-IBRA property assets has become more extensive in terms of (1) administration; (2) maintenance and security; (3) Auction; (4) Redemption; (5) relinquishment of rights by payment of compensation; (6) grants; (7) use for government purposes through the determination of usage status; (8) temporary occupancy permit. Furthermore, the management of ex-IBRA property assets started a new chapter with the issuance of Minister of Finance Regulation No. 154/PMK. 06/2020 concerning Management of Ex-IBRA Assets by the Minister of Finance. Based on this latest regulation, the ex-IBRA asset management scheme is becoming more widespread. Article 56 states that property asset management activities include (1) administration; (2) maintenance and security; (3) sales; (4) relinquishment of rights by payment

of compensation to the Government; (5) grants; (6) determination of usage status; (7) temporary occupancy permit; (8) state equity participation; (9) utilization; (10) transfer of management to the Public Service Agency in the field of asset management, (11) provision of services related to property assets; (12) extermination; (13) deletion; (14) dismantling; and/or (15) valuation. The strategic point in this regulation is a delegation of authority in terms of maintenance and security to the DGSAM vertical unit, namely Service Offices. The second change is the delegation of utilization with a lease of up to one billion rupiahs to the Regional Office. With this synergy of asset management with Service Offices and Regional Offices, property asset management can be carried out more optimally.

In terms of property asset management organization, in 2015, DGSAM established a State Asset Management Institute (LMAN), which focuses on managing underutilized assets. As a Public Service Agency, LMAN has the flexibility to manage profit-oriented property assets. The property assets of the ex- IBRA in the form of apartments and buildings that can be rented were handed over to LMAN for their management to optimize their use to generate state revenue. Then, due to the difficulty of solving the BLBI problem, in 2021, the BLBI Task Force was formed. The BLBI Task Force was formed to resolve state collection rights which have complex issues and require inter-ministerial synergy.

5.2. Discussion

5.2.1. Implementation of Internal Control Principles

5.2.1.1. Control Environment

Furthermore, based on data processing from document reviews and interviews that have been processed with codification and categorization, it was found that the environment has created positive and conducive behaviour for the implementation of the internal control system. This can be seen in enforcing integrity and ethics, commitment to competence, conducive leadership, an appropriate organizational structure, delegation of authority, and appropriate responsibilities. In addition, the role of an effective internal supervisory apparatus can be realized, and there is a good working relationship with the relevant government agencies. Conditions that encourage positive behaviour include enforcing integrity and ethical values from leaders and the Human Capital Department as personnel managers. Organizations are also committed to competence. This can be seen from the identification of tasks in property asset management. The identification of these tasks is followed by selecting officials and employees assigned to the Directorate of Asset Management and Information System, preferably those with experience in the field of law and asset management. The leadership factor also supports a conducive control environment because the leadership deals with making decisions on managing property assets by considering legal risks, protecting access to information, and conducting intensive interactions from the Echelon

I leadership level to the executive to manage property assets. The leader also responds immediately to the need for operational costs for asset management.

In addition, the organizational structure has been to the needs and continues to dynamically adapt to strategic changes based on the 'organization's function. The duties and authorities of each employee have been regulated, and their responsibilities are clear. A sound policy regarding human resource development has been implemented by recruiting employees who match their educational background, and performance supervision is carried out every six months. To create a conducive control environment, UKI carries out regular annual monitoring. Monitoring is carried out at the entity level with priority areas that are the main functions of DGSAM. However, there are still weaknesses in creating a conducive control environment. Although the leader has realized conducive leadership, internal control has not been fully realized to be the responsibility of employees and an inherent part of carrying out the work.

5.2.1.2. Risk Management

In risk management, the DGSAM Head Office has carried out a risk assessment and risk analysis to carry out its duties. KMK 557/KMK.01/2019 concerning risk management within the Ministry of Finance guides this risk management. At the DGSAM level itself, the Director-General of State Assets Management also issued the Decree of the Director-General of State Assets Management number 361/KN/2019 concerning Technical Guidelines for Risk Management at DGSAM. Discussions on risk management are carried out at the end of each year and involve all levels at the DGSAM Head Office. Risk management documents are in the form of risk charters and risk management working papers. According to Respondent 3, within the DGSAM organization, the settlement of BLBI assets is considered an activity with moderate risk considering that BLBI assets in terms of materiality have a significant value, and in such a long time, the recovery value is small. Specifically, for property asset management, according to Respondent 7, for the Ministry of Finance, it is also a high-risk problem because of the high value of ex-IBRA property assets, a finding by BPK in the financial report, and ownership documents and physical assets that are not fully controlled by the Directorate of Asset Management and Information System, thus potentially causing legal issues. According to Respondent 3, due to the higher organization risk in this field of work, the leadership provides more monitoring of risk management and its performance targets. And the follow-up to the findings of the Inspectorate General and BPK becomes a performance indicator that must be achieved by the DGSAM Head Office, which is cascaded from the performance of the Minister of Finance. This is an effort to speed up the completion of the examiner's findings. In the risk management document, the organization's goal is a more efficient, effective, and optimal management of state assets. Risks that may occur in the management of ex-IBRA property assets, namely ex-IBRA assets, cannot be managed under several conditions, including (1) assets

are not supported by complete ownership, and transfer documents, (2) assets are in dispute in court, (3) assets are controlled third parties, (4) assets of a specific nature which are generally located in remote areas, (5) assets that are not marketable, (6) assets that have expired rights. The impact that may occur if assets cannot be managed is a decrease in performance (not achieving state assets management performance). Based on the data, the risks in managing property assets of ex IBRA/PT PPA have been identified and mitigated by the Directorate of Asset Management and Information System as the risk owner and have been monitored by the Internal Compliance Division as line 2 in DGSAM, and have also been assessed by the Inspectorate General of the Ministry of Finance as line 3. Therefore, it can be concluded that the risk assessment in the management of property assets of ex IBRA is adequate.

5.2.1.3 Control Activities

Moreover, control activities carried out by the leadership are performance reviews every six months and monthly monitoring to ensure the target achievement, human resource development, control over the management of information systems, control over physical assets, determination and review of indicators and performance measures, and separation of functions. Another form of control carried out by the leader is that there must be the authorization of essential transactions and events, restrictions on access to resources and their recording, and realizing accountability for resources and their recording. For the assets with complete documents, a nameplate is attached to show that the state owns the assets. However, some notes found during the research were that not all physical assets were controlled, so they could not be utilized. Third parties hold some assets without permission. For the assets under third-party control, an approach is made so the third party is willing to pay the lease on the assets. In controlling the recording, it was also found that the records were less accurate and had different values in different reports. The data on the assets was also not wholly complete. In the form of documentation control over critical controls and transactions, it was found that some information was not documented in the application. The information was only known to the employee who handles it, so this information was not conveyed when the employee moved to other offices. Problems with the data based on the information from the following sources can be seen below :

"The problem is about the data. Meanwhile, the information system at DGSAM has not accommodated the chronological data of assets, so the final information is only known by the manager who handles it at that time. When there is a change in management, information that is not recorded in the information system is ultimately not conveyed to the new manager. (Respondent 6, 2021).

Another weakness was the absence of SOP for the new regulations governing broader management schemes. The supervisory apparatus assesses that there are still weaknesses in control because of incomplete SOP.

5.2.1.4. Information and Communication

Furthermore, control in Information and Communication has been carried out according to the control component in SPIP, namely by providing and utilizing various forms and means of communication and managing and updating the information system continuously. The application system is updated annually based on asset management needs. For example, if there is a recommendation from the BPK or the formation of the BLBI Task Force, the application for the KN module will be renewed. This is indicated by the System Application Administrator statement as follows :

Based on the requirements of the business process owner. Based on these requirements, the application is updated. The points are according to the requirements... Yes, that's right for the task force, this is still a special application update meeting for the task force, now it's still in the preparation stage (R1, 2021).

In addition, in organizational communication, innovation is also carried out by the DGSAM leadership. To optimize the achievement of property asset management targets, an asset committee meeting is held, which is an innovation in the decision-making method of the DJKN leadership to determine whether an asset will be auctioned or designated for use by a ministry.

5.2.1.5. Monitoring

Monitoring of the controls carried out has also been supported by the existing monitoring system. UKI assesses the effectiveness of the controls. UKI considers that the internal control in asset management is not yet fully effective. This can be seen in the statement of the following sources:

We don't think that internal control has been effective because there are still many of our SOPs that are incomplete. Then secondly, there are still many—if I'm not at fault—there are still repeated findings on our internal control activities. Then, the third one, what, there are several findings from internal auditor which have not been followed up by the first line. (R2, 2021).

UKI Monitoring has been carried out, but with the breadth of the scope of work, not all activities of the Directorate can be monitored. Therefore, the control of the Directorate must be realized by all elements of the Directorate of Asset Management and Information System. The third line also conducts supervision. Based on the findings of the Inspectorate General, the Directorate of PKNSI still has a balance of findings that have not been completed. On the other hand, supervision is also carried out on controls in the preparation of financial statements. During the period 2017 to 2020, the results of the control assessment in the preparation of financial statements are considered effective. Monitoring is also carried out in the follow-up to the audit results. UKI and the Inspectorate General carry out this monitoring. Based on the follow-up monitoring of BPK's findings, the Directorate of Asset Management and Information System still has an unfinished balance of findings.

The summary of the discussion guides us to conclude the implementation of the internal control in ex-IBRA property asset management. The discussion summary is shown in Table 4.

Table 4. Discussion Summary Table

Criteria	Conclusion	Weakness
Control Environment	The environment has created positive and conducive behavior for the implementation of the internal control system	Internal control has not been fully realized to be the responsibility of employees and an inherent part of the implementation of work
Risk Assessment	The leadership has carried out a risk assessment consisting of risk identification and risk analysis to determine the impact of risk on the achievement of organizational goals	-
Control Activities	the head of the agency has carried out control activities. Policies and procedures are established in writing, implemented, and evaluated	<ul style="list-style-type: none"> • The existence of property assets that have not been controlled, it requires a lot of effort so that assets can be controlled and utilized • there is a difference in the value in the report (KNL module, reconciliation results, Financial Report) • New rules for asset management are issued, but there is no new SOP
Information and Communication	Management has identified, recorded, communicated information in the right form and time effectively	-

Table 4. Discussion Summary Table (continued)

Criteria	Conclusion	Weakness
Monitoring	Leaders of Government Agencies have carried out Internal Control System monitoring	Directorate of PKNSI still has unfinished findings (BPK from 2014, IG from 2015)

6. CONCLUSION AND DISCUSSION

In general, the internal control component in SPIP has been implemented in the management of ex-IBRA property assets. Control has been running on the

five criteria in the SPIP, but weaknesses are still found. Based on KMK 940/MK.09/2017, weaknesses consist of weaknesses in the design of controls and weaknesses in the implementation of controls. The weakness of the control design is found in the form of property asset management which has not been supported by a complete SOP. Meanwhile, the weaknesses in the implementation of controls found are:

- a. Weaknesses in the control environment component. Internal control has not been fully realized to be the responsibility of employees and is an inherent part of the implementation of work
- b. Weaknesses in the components of control activities. Weaknesses in the components of control activities are weaknesses in the implementation of controls due to recording errors, assets that have not been found, and assets controlled by other parties.
- c. Weaknesses in the monitoring component, namely the findings that have not been followed up.

From the weaknesses in the design of controls and the implementation of controls, some weaknesses have a significant impact, namely weaknesses in the control activity components in the form of recording errors, the existence of assets that have not been found, and assets controlled by other parties. At the same time, other weaknesses have no significant impact.

Moreover, has DGSAM improved internal control in managing ex-IBRA property assets? Yes, DGSAM has improved its internal control in ex-IBRA property asset management. The increase in control provides improvements in the management of ex-IBRA property assets. It is in line with efforts to resolve BPK's findings on the management of property assets from 2014 to 2020. The form of improvement in the internal control of the management of ex-IBRA property assets is the improvement of regulations in managing ex-IBRA property assets. Then, in 2015, DGSAM established the State Asset Management Institute (LMAN) to optimize assets that have not been used optimally. The next step taken to resolve the problem of managing ex-IBRA property assets is the formation of the BLBI Task Force in 2021, which can resolve complex issues related to the collection and management of ex-IBRA assets.

This study has a weakness because it did not employ the latest integrated internal control framework from COSO, namely COSO 2013. After all, SPIP is currently adopting COSO 1992. Another limitation is that this study only evaluated internal control at the DGSAM Head Office and did not examine Regional Offices and Service Offices. The suggestion for further research is to conduct research with a wider scope of research involving Regional Offices and Service Offices.

The results of this study encourage DGSAM to (1) establish SOP for ex-IBRA property asset management, (2) require the leader to emphasize the importance of controlling the work that is the responsibility of subordinates because the leader plays a role in shaping control into work culture, (3) emphasize control in doing the task by monitoring and rechecking the

recorded value and asset information, (4) do regular physical checks of assets and utilize assets whose physical existence is known to avoid the use of property assets by other parties without permission, and then (5) establish corrective and preventive action on auditor findings.

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